



Appropriations Watch

Last month, the President signed the FY06 Transportation-Treasury-HUD appropriations bill (H.R. 3058) into law. At the time, CBO had agreed with the House Appropriations Committee that the bill fit within the budget resolution. Accordingly, many members of the RSC supported the legislation. This week CBO revised its score and concluded that H.R. 3058 actually violated the budget by \$618 million. The Committee claims that CBO has retroactively decided to score one particular provision differently than in the past, but it is looking for ways to fix the overage, possibly on the FY06 Defense appropriations bill (H.R. 2863).

Terrorism Insurance Extension

Today, the House is expected to consider a two-year extension of the federal program (TRIA) for supporting the terrorism insurance market on suspension. Although a CBO score is not yet available, the House Budget Committee estimates that the bill (S. 467) is likely to cost roughly \$1 billion. Such spending is *not* provided for in the budget. Some conservatives may be concerned that this bill greatly expands the TRIA program by providing federal assistance for individual lines of insurance, rather than just covering a company's losses in the event of a terrorist attack. In addition, this bill includes a group life insurance component, a sector of the insurance marketplace that has shown no sign of failure. A system of this nature could expose taxpayers to more risk sooner, while at the same time allowing insurance companies to obtain government assistance before it may be necessary. Furthermore, this bill continues to maintain a very low trigger for when the government would step in. While \$50 million is higher than the current trigger level – set shortly after September 11th – the Department of Treasury had requested a number closer to \$500 million. For a program that was designed to be triggered for catastrophic events only, this higher threshold is perfectly applicable. The Administration opposes the legislation.

Avian Flu Supplemental

In November, the President sent up a \$7.1 billion supplemental to address the threat of an avian flu outbreak and prepare for a possible pandemic. Most of the request (\$6.7 billion) is directed to the HHS Department to develop and stockpile vaccines within six months for the entire U.S. population. In addition, \$12 million is requested for the Interior Department to improve the “domestic surveillance of the health of wild birds” and \$20 million is requested for the *potential* evacuation of U.S. government personnel from overseas missions. The President's request contained no offsets and asked that it be designated as an emergency.

Katrina Supplemental

According to press reports, Senator Thad Cochran is readying a \$35 billion supplemental proposal for the Katrina relief effort. The proposal would add to the President's \$17.1 billion reallocation request (that shifted unspent FEMA funds to address other critical areas) by providing namely \$11.5 billion for the Community Development Block Grant program (intended to assist families who bought hurricane insurance but not flood insurance). In addition, the proposal includes roughly \$4 billion in non-Katrina relief for Midwestern states. It is unclear at press time whether and how the additional spending would be offset. According to the Homeland Security Committee, roughly \$37 billion of the \$62 billion already appropriated this year remains unspent.

FACT OF THE WEEK

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

Last month, the FY06 Labor-HHS appropriations conference report (H.R. 3010) – which included an actual cut in spending from FY05 and virtually no earmarks – became the first appropriations conference report to be voted down on the floor since 1995. It failed by a vote of 209 to 224. In 1995, the Defense appropriations conference report was defeated largely because conservatives felt that it failed to adequately limit abortions in military hospitals (some Democrats voted against the bill because it exceeded President Clinton's defense request).

QUOTE OF THE WEEK

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

“He that goes a borrowing goes a sorrowing.”

– Benjamin Franklin